

FISCAL NOTE

HB 1786 – SB 1999

February 14, 2007

SUMMARY OF BILL: Authorizes Shelby County to sell receivables (delinquent property taxes) to public or private parties by individual parcel or bulk sale. Authorizes a governmental entity to discharge, reduce, delay or otherwise compromise payment of tax receivables that have been sold if the governmental entity pays the purchasers the amount of property tax receivable payments that have been reduced, delayed or otherwise compromised.

ESTIMATED FISCAL IMPACT:

Increase Local Govt. Expenditures – Not Significant/Permissive

Other Fiscal Impact – The sale of the right to a tax receivable is a sale of a right to cash flow at a future date. Any increase or decrease in local government revenues will depend upon the price for which such receivables are sold and whether or not the debt would have been collected in the absence of the sale. If such receivables are sold on a dollar for dollar basis, there will be no change in the net amount of revenue realized by local governments, assuming that all of those receivables would have been collected; however, a change will occur in the amount of revenue realized in a given fiscal year.

If the receivables are sold at a discounted rate, there will be a decrease in local government revenue, assuming that all such receivables would have been collected by the local government entity. There will also be a change in the amount of revenue realized in a given fiscal year. These considerations do not take into account the time value of money which, if considered, might result in an increase in the realization of more purchasing power on the part of local governments by having collected the money at a present date rather than some date in the future.

Without knowledge of how many tax receivables would be sold and at what price, a specific fiscal impact on the increase or decrease in local government revenues cannot be quantified but could be significant.

Assumption:

- There will be an administrative cost to Shelby County to enter into agreements for the sale of receivables. This cost is permissive and estimated to be not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director